



## 2007 Farm Bill Forum

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See Attached

# "A Sudden Agricultural Crisis: A Call for Help"

**ALEX MCGREGOR**

Policy Recommendation Forum

Featuring Secretary of Agriculture Mike Johanns  
Eastern Washington University ♦ Cheney, Washington  
November 3, 2005

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**Featuring Secretary of Agriculture Mike Johanns**  
**Eastern Washington University, Cheney ■ Thursday, November 3, 2005**

Comments of Alex McGregor

Mr. Secretary: I'm proud of a remarkable bastion of family business-- the men and women who, with their families, farm 97% of the arable acres here in the Northwest. While I've studied and taught agricultural history and am familiar with the tough times of the past, I've never seen prospects as low as they are today. A grower from the Palouse called me the other day and read a quote from President Bush he'd clipped and saved since 2001: "In times of emergency," growers "will get the assistance they need, when they need it." "I've farmed here since 1952," he told me, "and this is the worst emergency we've known in my lifetime. Please ask the Secretary to pass along this message for us: 'Mr. President, we truly need assistance and we need it now.'"

Senator Roberts of Kansas described these times as a "Category Five Hurricane of High Fuel and Fertilizer Prices." NH<sub>3</sub> prices escalated \$95/ton three days after Katrina—the biggest increase in history—and then rose again, with natural gas prices, *in-anticipation of the arrival on shore* of Hurricane Rita. Off-road diesel costs over \$1/gallon more than at this time last year. The USDA has set a loan rate fifty cents lower for soft white wheat than other classes—this is an aggravation during good times but downright punishing in hard ones. We're losing three or four farm families in many a community this winter. Slowing this exodus and providing some hope, has to be Job #1.

Some growers who've decided to "stick it out" a while longer have had to pledge the cash value of their life insurance to get an operating line of credit. "I guess my banker can now pursue me all the way to the grave," one grower concluded with melancholy. Others keep modifying their family medical insurance, raising the deductibles higher and higher, trade newer used tractors for older ones, or have had to "let go" employees and walk away from leases. Families have seen—for the first time since the Great Depression—a bushel of grain worth less than a gallon of fuel. As an employer of 360 long-term people in more than three dozen communities, I worry about the consequences of all of this for firms like ours, for communities and schools, for rural infrastructure and, above all, for farm families. A farm woman said to me the other day: "My husband and I have been farming for 50 years. He doesn't want to put the place into CRP. But is there any hope?"

Emergency energy assistance is badly needed. We are working diligently to urge Congress to provide such a package—recognizing that farmers, unlike most businesses, cannot pass along energy surcharges to consumers and, to add insult to injury, have faced weaker export markets to boot. We need a 2007 Farm Bill that, despite budget and trade negotiations, will maintain a commitment to helping farm families persevere.

My friend, the grower who has farmed in the Palouse for over fifty years, told me he takes solace when reading news accounts about projected farm program cuts and WTO negotiations from another portion of the four year old article in which the President outlined his

farm philosophy: "Agriculture will no longer be traded away or ignored when we sit down at international negotiating tables. It will be a top priority of ours. The administration is going to be a friend to the American farmer." We, the people of agriculture, are counting upon and badly need this strong support down the road ahead.

Veteran farmers here have done all that could be asked—they've tripled yields, reduced erosion 80%, reduced wind blown dust by 600% and reduced stubble burning by 4,000% --the biggest gains in productivity and stewardship since wheat was first sown 11,000 years ago. I'm not sure what homeland security means but the ability to produce home-grown food that meets exacting regulatory standards, while maintaining extraordinary resources that allow us to very efficiently feed fellow Americans and people around the globe, should surely rank as something worthwhile in the equation.

We need Congress to allow development of selected off-shore natural gas reserves where known ample supplies exist and that could be brought on line within a couple of years. We must get beyond partisanship—growers and those who serve them have excellent records as dedicated stewards and I, for one, am not in the mood to be told we don't care about the environment. We need to recognize that the three percent of natural gas stocks we use to produce foodstuffs must be made available at rational prices. The \$14 or so per million BTU's nitrogen manufacturers have to pay for natural gas means they must pay double, quadruple or more for their feedstock than do their competitors overseas. We've now got 21 nitrogen producing facilities, over a third of U.S. production, sitting idle. Out of control energy prices just won't cut it if U.S. agriculture is to be competitive on world markets.

We need to be able to offer some hope for young people, for farm families, and for the agricultural communities that surround us. Please assist all of us so we can reaffirm the faded old clipping my friend saved: that when the chips are down, growers will get help. Never has there been a more important time for us to be able to go home and tell our farm neighbors: 'Yes, there is hope for the future'.

Thank you,

Alex McGregor

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